

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY for Authority to Transfer Cushion Gas in its Aliso Canyon and La Goleta Storage Fields to Alleviate the Impact of High Gas Prices on CARE customers.

(U 904 G)

Application 05-10-012
(Filed October 11, 2005)

**ADMINISTRATIVE LAW JUDGE'S RULING
REGARDING NOTICE OF INTENT TO CLAIM COMPENSATION**

Summary

In accordance with the schedule set forth in the November 7, 2005 scoping memo and ruling of the Assigned Commissioner and Administrative Law Judge (scoping memo), The Utility Reform Network (TURN) filed its notice of intent to seek compensation (NOI) in the above-captioned proceeding on December 2, 2005. This ruling determines that TURN is eligible to file a claim for an award of compensation in this proceeding.

Background

Southern California Gas Company (SoCalGas) filed the above-captioned application on October 11, 2005. The application requests, among other things, authorization to reclassify four billion cubic feet (Bcf) of cushion gas from two of its natural gas storage fields, to working gas, and that the gas in kind be transferred to its ratepayers in the California Alternate Rates for Energy (CARE) program at the book cost of about \$1.5 million. The reclassification of the gas will be made possible by reworking the wells so that less cushion gas will be

needed to maintain minimum gas reservoir pressure, while continuing to provide the current level of deliverability.

SoCalGas' application also proposed that the costs of the rework project be put into ratebase, and that the associated revenue requirement for these project costs be paid for by CARE customers. The application also proposes that the ratemaking treatment of the revenues from the sale of the additional four Bcf of gas storage be deferred to another proceeding.

The first prehearing conference was held on November 2, 2005. The scoping memo was issued several days later. The scoping memo directed that any party intending to seek intervenor compensation in this proceeding file and serve its NOI within 30 days of the November 2, 2005 prehearing conference. TURN timely filed its NOI in response to the scoping memo. No one filed any response to TURN's NOI.

The scoping memo also directed that the issues relating to whether non-core customers will benefit from the additional gas storage capacity created from the reworking of the wells, and how the revenues from the sale of the additional four Bcf of gas storage capacity will be treated, be considered in a subsequent phase of this proceeding. A second prehearing conference was held on December 12, 2005 to discuss the procedural schedule for resolving these remaining issues. Evidentiary hearings for these remaining issues are scheduled to begin on March 13, 2006.

Decision (D.) 05-11-027 was adopted on November 18, 2005. In that interim decision, the Commission authorized SoCalGas to reclassify the four Bcf of cushion gas as working gas, to withdraw the gas, and to transfer the gas in kind to SoCalGas' CARE customers at book value. The decision also authorized SoCalGas to include all of the project costs in rate base, and that the associated

revenue requirement be recovered from CARE customers unless changed by the Commission in a future decision.

Eligibility Requirements

Pub. Util. Code § 1804(a)(2)¹ provides that a NOI is to include a statement of the nature and extent of the customer's planned participation in the proceeding, and an itemized estimate of the compensation that the customer expects to request. In addition, the NOI may include a showing by the customer that participation in the proceeding will pose a significant financial hardship. If such a showing is made, the Administrative Law Judge (ALJ), in consultation with the Assigned Commissioner, is to issue a preliminary ruling addressing whether the customer will be eligible for an award of compensation, and whether a showing of significant financial hardship has been made.

(§ 1804(b)(1).) Since TURN's NOI purports to make a showing that its participation will pose a significant financial hardship, this ruling addresses TURN's eligibility for intervenor compensation.

In D.98-04-059 (79 CPUC2d at 628) the Commission directed that if a ruling is issued as a result of the filing of a NOI, that the ALJ rule on whether the intervenor is a customer as defined in § 1802(b),² and which category of customer

¹ All code section references are to the Public Utilities Code.

² A "customer" is defined in § 1802(b)(1) to mean: "(A) A participant representing consumers, customers, or subscribers of any electrical, gas, telephone, telegraph, or water corporation that is subject to the jurisdiction of the commission. (B) A representative who has been authorized by a customer. (C) A representative of a group or organization authorized pursuant to its articles of incorporation or bylaws to represent the interests of residential customers, or to represent small commercial customers who receive bundled electric service from an electrical corporation."

the intervenor represents. (79 CPUC2d at 649.) The type of customer category determines the standard of “significant financial hardship” that applies.

Footnote 1 of TURN’s NOI states that it is a “group or organization authorized pursuant to its articles of incorporation or bylaws to represent the interests of residential ratepayers.” TURN previously submitted the relevant portion of its articles of incorporation in other Commission proceedings. TURN meets the definition of customer as defined in § 1802(b)(1)(C).

TURN also included information in its NOI about significant financial hardship. The comparison test, in which the cost of participation is compared to the economic interest of the individual members of the organization in order to determine whether there will be significant financial hardship, applies to TURN because it is a customer who is an organization authorized by its bylaws to represent the interests of residential customers.

TURN elected to rely on the rebuttable presumption in § 1804(b)(1) to make its showing of significant financial hardship in this proceeding. TURN received a finding of significant financial hardship in Application 05-02-027 in a November 4, 2005 ruling. Since this proceeding was commenced within one year of the November 4, 2005 finding, and because no one responded to TURN’s NOI to rebut the presumption of significant financial hardship, TURN is presumed to be eligible for compensation in this proceeding.

Regarding the requirement about the nature and extent of the customer’s planned participation in this proceeding, TURN states that it “is concerned with the allocation of both the costs and benefits of the well reworking project and the impacts of the project on future sales of unbundled storage products.” (TURN, NOI, p. 3.) These are issues which have been raised in this proceeding.

To satisfy the requirement that the NOI include an estimate of the compensation the customer expects to request, TURN provided an itemized estimate of the compensation that it expects to request. TURN estimates its total compensation at \$17,950.

To satisfy the statement in § 1801.3(f) about unproductive or unnecessary participation, TURN's NOI states that although "TURN and the ORA both represent ratepayer interests, TURN only represents the interests of residential and small commercial customers." (TURN, NOI, p. 3.) TURN also states that it will coordinate with ORA and other intervenors as much as possible to avoid unnecessary duplication of effort.

The planned participation of TURN and its planned coordination with ORA and other intervenors should result in effective and efficient participation by TURN in this proceeding.

TURN is eligible for an award of compensation in this proceeding. This finding of eligibility does not mean that TURN is automatically entitled to intervenor compensation. Pursuant to § 1804, TURN must make a substantial contribution to the Commission decision before it is awarded any intervenor compensation.

Therefore, **IT IS RULED** that The Utility Reform Network (TURN) has met the eligibility requirements of § 1804, including the significant financial hardship requirement, and TURN is eligible to file a claim for an award of compensation in this proceeding.

Dated January 13, 2006, at San Francisco, California.

/s/ JOHN S. WONG

John S. Wong

Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Regarding Notice of Intent to Claim Compensation on all parties of record in this proceeding or their attorneys of record.

Dated January 13, 2005, at San Francisco, California.

/s/ ELIZABETH LEWIS
Elizabeth Lewis

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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